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ATTORNEYS FOR MICHELS CORPORATION

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC COMPANY,

Debtors.

Case No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

**NOTICE OF CONTINUED
PERFECTION OF MECHANICS LIEN
PURSUANT TO 11 U.S.C. § 546(b)(2)**

**All papers shall be filed in the Leas Case, No. 19-30088*

Michels Corporation (“Michels”), by and through its undersigned counsel, hereby gives notice of continued perfection of mechanics’ liens under 11 U.S.C. § 546(b)(2), as follows:

1. Both prior to and after January 29, 2019 (the “Petition Date”), Michels provided goods and services to the Debtors.

1 2. Through the Petition Date, the Debtors owe Michels at least \$12,444,008.99
2 secured by mechanics' liens, exclusive of accruing interest and other charges. In
3 addition, the Debtors owe Michels certain additional amounts which 1) arise prior to the
4 Petition Date, but are not secured by any mechanics' liens, and/or 2) which have accrued
5 after the Petition Date.

6 3. Beginning on or about January 22, 2019, and continuing on certain dates
7 both before and after the Petition Date, Michels properly perfected its mechanics liens
8 under California Civil Code §§ 8400, *et seq.* by timely recording its Claims of Mechanics
9 Lien in the Official Records, as more fully described on **Exhibit A**. Copies of the
10 mechanics liens described in Exhibit A are attached hereto as exhibits to **Exhibit B**.

11 4. Pursuant to California Civil Code § 8460, an action to enforce a lien must be
12 commenced within 90 days after recordation of the claim of lien. However, due to the
13 automatic stay set forth in 11 U.S.C. § 362, Michels is precluded from filing a state court
14 action to enforce its mechanics lien. 11 U.S.C. § 546(b)(2) provides that when applicable
15 law requires seizure of property or commencement of an action to perfect, maintain, or
16 continue the perfection of an interest in property, and the property has not been seized or
17 an action has not been commenced before the bankruptcy petition date, then the claimant
18 shall instead give notice within the time fixed by law for seizing the property or
19 commencing an action. (See 11 U.S.C. § 546(b)(2); see also In re Baldwin Builders
20 (Village Nurseries v. Gould), 232 B.R. 406, 410-411 (9th Cir. 1999); Village Nurseries v.
21 Greenbaum, 101 Cal.App.4th 26, 41 (Cal. Ct. App. 2002).)

22 5. According, Michels hereby provides notice of its rights as a perfected
23 lienholder in the properties identified on Exhibit A (the "Property"), pursuant to
24 California's mechanics lien law. Michels is filing and serving this notice to preserve,
25 perfect, maintain, and continue the perfection of its liens and its rights in the Property to
26 comply with the requirements of California state law, 11 U.S.C. §§ 362(a), 362(b)(3), and
27 546(b)(2), and any other applicable law. This notice constitutes the legal equivalent of
28 having recorded these mechanics liens in the recorder's office for the county where the

1 Property is located and then having commenced an action to foreclose the lien in the
2 proper court. By this notice, the Debtors and other parties in interest are estopped from
3 claiming that any lawsuit to enforce Michels' mechanics liens was not timely commenced
4 pursuant to applicable state law. Michaels' intends to enforce its lien rights to the fullest
5 extent permitted by applicable law. The interests perfected, maintained, or continued by
6 11 U.S.C. § 546(b)(2) extend in and to the proceeds, products, offspring, rents, or profits
7 of the Property.

8 6. The filing of this notice shall not be construed as an admission that such
9 filing is required under the Bankruptcy Code, the California mechanics lien law, or any
10 other applicable law. In addition, Michels does not make any admission of fact or law,
11 and Michels asserts that its liens are senior to and effective against entities that may have
12 acquired rights or interests in the Property previously.

13 7. The filing of this notice shall not be deemed to be a waiver of Michels' right
14 to seek relief from the automatic stay to foreclose its mechanics liens and/or a waiver of
15 any other rights or defenses.

16 8. Michels reserves all rights, including the right to amend or supplement this
17 notice.

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19 DATE: APRIL 19, 2019

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22 By: /s/ Victor A. Vilaplana
VICTOR A. VILAPLANA

23 ATTORNEYS FOR MICHELS CORPORATION
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